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PRICING SCHEDULE -- MICHIGAN<sup>1</sup>

ITEM

I -- 9-1-1 Service

See Exhibit PS-I

ITEM II -- Reciprocal Compensation

A.	End Office Local Termination	\$ .003637	per minute
B.	Tandem Switching	\$ .000744	per minute
C.	Tandem Transport Termination	\$ .000236	per minute
D.	Tandem Transport Facility Mileage	\$ .000006	per minute/mile

ITEM III -- Information Services Traffic

Information Services Billing and Collection: \$ 0.03 per message

ITEM IV -- BLV/BLVI Traffic

A.	Busy Line Verification (BLV):	\$ .47	per use
B.	Busy Line Verification Interrupt (BLVI): (in addition to BLV charge)	\$ .58	per use

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<sup>1</sup> As per Section 29.5, the rates set forth in this Agreement as of the Effective Date are interim rates that have been established by the Commission and/or agreed upon by the Parties. These interim rates shall be superceded by those rates established by the Commission in Case No. U-11280.

ITEM V -- Unbundled Network Elements

## A. Unbundled Loop Rates

## 1. Recurring Rates

	Monthly Rates Access Area <sup>2</sup>		
	A	B	C
2-Wire Analog			
Basic (Business or Residence)	\$9.31	\$11.84	\$14.67
Ground Start	\$10.12	\$13.13	\$15.79
Electronic Key Line	\$14.63	\$20.40	\$22.10
4-Wire Analog	\$22.33	\$29.91	\$34.70
Digital			
ISDN	\$11.18	\$14.84	\$17.26
4-wire 64 Kbps	\$64.88	\$64.85	\$64.68
4-wire 1.544 mbps	\$121.85	\$92.58	\$83.89
Cross Connect Charge			
(additional, per cross connect):			
2-wire	\$0.18		
4-wire	\$.37		
6-wire	\$.54		
8-wire	\$.73		
DS1	\$.65		
DS3	\$.92		
Service Coordination Charge	\$0.74		

## 2. Non-Recurring Rates

Service Order--Establish/Change: \$38.44<sup>3</sup>

<sup>2/</sup> "Access Area" is as defined in Ameritech's applicable tariffs for business and residential Exchange Line Services.

<sup>3/</sup> The Service Order Charge is a per occasion charge applicable to any number of Loops  
(continued...)

(Business or Residence)

Line Connection: \$32.76<sup>4</sup>  
 (Business or Residence)

B. NID<sup>5</sup> No Charge

C. Switching

1. Unbundled Local Switching

	<u>Non-Recurring</u>	<u>Monthly</u>
A. Custom Routing		
- per new LCC, per switch	\$ 240.89	-
B. ULS Ports		
- Line Side Port without Vertical Features	49.82	.54
- Basic Line Port, per port	49.82	2.26
- Ground Start Line Port, per port	49.82	2.80
- ISDN-Direct Port,		
per port	49.82	34.46
per telephone number	-	.01
- DID Trunk Port,		
per port	56.28	15.11
per telephone number	-	.01
add/rearrange each termination	25.54	-
- ISDN Prime Trunk Port		
per port	671.49	164.54
per telephone number	-	.01
add/rearrange channels	25.54	-
- Digital Trunking Trunk Port, per port	671.49	123.33
- Custom Routing Port,		
per port	671.49	
per individual trunk termination		107.31
- Centrex Basic Line Port, per port	56.28	11.92

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 (...continued)

ordered for the same location and same Customer account.

<sup>4/</sup> The Line Connection Charge applies to each Loop.<sup>5/</sup> Access to Network Interface Device for Accessing Customer Premises Wiring (Inside Wire)

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	<u>Non-Recurring</u>	<u>Monthly</u>
- Centrex ISDN Line Port, per port	56.28	56.82
- Centrex EKL Line Port, per port	56.28	34.79
- Centrex Attendant Console Line Port, per port	112.57	108.80

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		<u>Non-Recurring</u>	<u>Monthly</u>
C.	Centrex System Charges		
	- System Features, per common block	-	381.05
	- Common Block establishment, each	409.09	-
	- System features change or rearrangement, per feature, per occasion	54.22	-
	- System feature activation, per feature, per occasion	226.39	-
2.	Service Charges		
	Service Ordering Charges		
	- <u>Initial</u>		-
	Line port, per occasion	14.69	-
	Trunk port, per occasion	350.86	-
	- <u>Subsequent</u>		-
	per occasion	14.69	-
	- Record Order per occasion	15.25	-
	Conversion Charge		
	- change from one type of line-port to another, per each changed	51.71	-
	Ameritech Cross-Connection Service per carrier transport facility, ..		
	-2 -Wire (Line port), each		.18
	-DS1 (trunk port), (each individual trunk)		.65
3.	Service Coordination Fee	-	.74
	- per carrier bill, per switch.		
4.	Subsequent Training		-
	- per Company person, per hour	70.18	
5.	Daily Usage Feed (per record)	.000825	-
6.	ULS Usage		-
	- Billing Development	30,949.45	

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	<u>Non-Recurring</u>	<u>Monthly</u> <u>Minute-of Use</u>
- Per minute of use or fraction thereafter		
- Initial Minute		\$ .0065
- Each Additional Minute		\$ .0022
Unbundled Tandem Switching		
Tandem Trunk (DS1)	-	\$119.07
Unbundled Trunk Port Features	-	21.88
Service Order Charge	\$349.00	
Line Connect Charge per DS1	674.82	
Subsequent Changes	25.58	
	<u>Per Minute</u>	
Usage Without Tandem Trunks	\$0.0006	
	<u>Monthly</u>	<u>Nonrecurring Charge</u>

D. DSI Rates

1.	Entrance Facility	
	- Per Point of Termination	
	Terminating Bit Rate 1.544 Mbps	
	Zone 1	\$121.85
	Zone 2	92.58
	Zone 3	83.89
2.	Interoffice Mileage Termination	
	- Per Point of Termination	
	- 1.544 Mbps	
	Zone 1	\$16.99
	Zone 2	16.99
	Zone 3	16.99

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Monthly    Nonrecurring Charge

Interoffice Mileage

- Per Mile

- 1.544 Mbps

Zone 1	\$1.62
Zone 2	1.62
Zone 3	1.62

3. Optional Features and Functions

(a) Clear Channel Capability

- Per 1.544 Mbps Circuit Arranged

Zone 1	None	\$371.09
Zone 2	None	371.09
Zone 3	None	371.09

(b) Interconnection Central Office  
Multiplexing

- DS1 to Voice/Base Rate/128.0,  
256.0, 384.0 Kbps Transport

Zone 1	\$358.79
Zone 2	358.79
Zone 3	358.79

E. DS3 Rates

1. Entrance Facility

- Per Point of Termination

DS3 with Electrical interface

- Per Termination

Zone 1	\$795.90
Zone 2	896.64
Zone 3	879.52

2. Interoffice Mileage Termination

- Per Point of Termination

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	<u>Monthly</u>	<u>Nonrecurring Charge</u>
Zone 1	\$164.70	
Zone 2	164.70	
Zone 3	164.70	
Interoffice Mileage		
- Per Mile		
Zone 1	\$32.60	
Zone 2	32.60	
Zone 3	32.60	
3. Optional Features and Functions		
a) Interconnection - Central Office Multiplexing		
- Per Arrangement		
- DS3 to DS1		
Zone 1	\$411.66	
Zone 2	411.66	
Zone 3	411.66	
F. OC-3 Rates		
1) Entrance Facility		
- Per Point of Termination		
Terminating Bit Rate 155.52 Mbps		
	\$355.30	
2) Interoffice Mileage Termination		
- Per Point of Mileage Termination		
155.52 Mbps		
	372.86	
Interoffice Mileage		
- Per Mile 155.52 Mbps		
	215.66	
3) Optional Features and Functions		
a) OC-3 Add/Drop Multiplexing		
- Per arrangement		
	604.08	



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	<u>Monthly</u>	<u>Nonrecurring Charge</u>
b) Add/Drop Function		
- Per DS3 Add or Drop	135.55	
- Per DS1 Add or Drop	41.87	
c) 1+1 Protection		
- Per OC-3 Entrance Facility	53.62	
d) 1+1 Protection with Cable Survivability		
- Per OC-3 Entrance Facility	53.62	\$2,639.40
e) 1+1 Protection with Route Survivability		
1) Per OC-3 Entrance Facility		Apply Rates and Charges as c) above plus (2) below
2) Per Quarter Route Mile	44.12	
f) Cross Connection of Service OC-3 to OC-3 Cross Connect	99.05	
G. OC-12 Rates		
1) Entrance Facility		
- Per Point of Termination Terminating Bit Rate 622.08 Mbps		
	\$573.97	
2) Interoffice Mileage Termination		
- Per Point of Mileage Termination 622.08 Mbps		
	663.61	
Interoffice Mileage		
- Per Mile 622.08 Mbps		
	392.21	
3) Optional Features and Functions		
a) OC-12 Add/Drop Multiplexing		
- Per arrangement		
	676.82	

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	<u>Monthly</u>	<u>Nonrecurring Charge</u>
b) Add/Drop Function		
- Per OC-3 Add or Drop	\$188.83	
- Per DS3 Add or Drop	40.95	
c) Cross-Connection of Services OC-12 to OC-12 Cross-Connect		
- Per Circuit	522.12	
d) 1 + 1 Protection		
- Per OC-12 Entrance Facility	\$265.24	
e) 1 + 1 Protection with Cable Survivability		
- Per OC-12 Entrance Facility	265.24	\$2,639.40
f) 1 + 1 Protection with Route Survivability		
1) Per OC-12 Entrance Facility		Apply Rates and Charges as d) above plus (2) below
2) Per Quarter Route Mile	39.32	
H. OC-48 Rates		
1) Entrance Facility		
- Per Point of Termination Terminating Bit Rate 2488.32 Mbps	2,403.38	
2) Interoffice Mileage Termination		
- Per Point of Mileage Termination 2488.32 Mbps	1,465.88	
Interoffice Mileage		
- Per Mile 2488.32 Mbps	275.17	

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	<u>Monthly</u>	<u>Nonrecurring Charge</u>
3) Optional Features and Functions		
a) OC-48 Add/Drop Multiplexing		
- Per arrangement (not to exceed 12 DS3s or equivalent)	787.10	
b) Add/Drop Function		
- Per OC-12 Add or Drop	371.72	
- Per OC-3 Add or Drop	\$171.75	
- Per DS3 Add or Drop	61.51	
c) Cross-Connection of Services OC-48 to OC-48 Cross-Connect		
- Per Circuit	1,154.30	
d) 1+1 Protection		
- Per OC-48 Entrance Facility	999.25	
e) 1+1 Protection with Cable Survivability		
- Per OC-48 Entrance Facility	999.25	2,639.40
f) 1+1 Protection with Route Survivability		
1) Per OC-48 Entrance Facility Channel	Apply Rates and Charges as d) above plus (2) below	
2) Per Quarter Route Mile	67.33	

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## I. Installation and Rearrangement Charges for Interoffice Transmission Facilities

	Administration Charge, Per order	Design and Central Office Connection Charge, Per Circuit	Carrier Connection Charge Per Termination
DS1 Service 1.544 Mbps			
Area A	\$352.47	557.90	509.04
Area B	352.47	557.90	509.04
Area C	352.47	557.90	509.04
DS3 Service 44.736 Mbps			
Area A	266.64	593.59	328.85
Area B	266.64	593.59	328.85
Area C	266.64	593.59	328.85
OC-3 Service 155.52	108.39	\$440.70	\$866.42
OC-12 Service 622.08 Mbps	108.39	440.70	866.42
OC-48 Service 2488.32 Mbps	108.39	440.70	866.42

## J. Transiting

The Transit Service Charge shall consist of the rates for (i) Tandem Switching, as set forth in Item V(C) of this Pricing Schedule, and (ii) the Applicable Shared Transport rate as set forth in Item V of this Pricing Schedule.

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K. Combinations of Network Elements<sup>6</sup>

	Rate/Month Access Area		
	A	B	C
Unbundled Element Platform	\$9.24	\$10.64	\$12.08
Loop Combination	\$8.60	\$10.00	\$11.44
Switching Combination #1	\$1.07	\$ 1.07	\$ 1.07

L. Signaling Networks and Call-Related Databases

1. Signaling Networks

Signaling Link

M.P.S.C. 21 Section No. 8

Port Termination	\$ 308.03	(monthly)
Signaling Switching ISUP	\$.000138	per message
Signal Transport ISUP	\$.000053	per message
Signal Formulation ISUP	\$.000800	per message
Signal Tandem Switching ISUP	\$.000237	per message
Signal Switching TCAP	\$.000118	per message
Signal Transport TCAP	\$.000035	per message
Signal Formulation TCAP	\$.000478	per message

Non-Recurring Costs

NRCs

Port Termination	\$	569.77
Originating Point Code		
per service added or changed	\$	21.54
Global Title Address Transfer		
per service added or changed	\$	11.58

2. Call-Related Databases

Unbundled Local Switching Interconnection

-800DB Call-Routing Query	0.003233
-800DB Routing Options	0.001062

<sup>6/</sup> Combinations of Network Elements are as set forth on Schedule 9.3.4.

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Local STP Interconnection

-800DB Carrier-ID-Only	0.001391
-800DB Routing Options	0.000209

Regional STP Interconnection

-800DB Carrier-ID-Only	0.001327
-800DB Routing Options	0.000209

Carrier-Provided Operator Services

Interconnection at local STP

-LIDB Validation	\$0.015833
-LIBD Transport	0.000080
-Out-of Region-Query	0.053735

Interconnection at regional STP

-LIDB Validation	0.015833
-LIBD Transport	0.000015

Unbundled Operator Services

-LIDB Validation	\$0.015833
-LIBD Transport	0.000931
-Out-of Region-Query	0.054588

3. Service Management Systems

Access to Databases - to the extent technically feasible, based on TELRIC costs, via the Bona Fide Request process.

M. Operator Services and Directory Assistance

1. Operator Services

Manual Call Assistance Occurrences - rates will apply based on the total monthly volume and a LIDB charge will apply separately to all occurrences requiring billing validation.

\$ .367 per occurrence

Automated Call Assistance Occurrences - rates will apply based on the total monthly volume, and a LIDB charge will apply separately to all automated occurrences.

\$ .027644 per occurrence

Branding per trunk group -- \$826.59 non-recurring charge

2. Directory Assistance

Branding is a one time charge assessed, on a per trunk group basis, for the mechanized front-end branding of Directory Assistance calls.

Information Call Completion rates apply on a completed call basis. In addition to the charge for Information Call Completion, normal Directory Assistance charges, and applicable usage charges apply, if the call is completed on the Company's network. If a call is not completed, only the appropriate charge for Directory Assistance Service will apply.

Rates do not include custom routing, unbundled network elements, end office or tandem switching (where requested).

Non		Price	
Recurring			
<u>Per Call</u>		<u>Charge</u>	
Information Call Completion,		\$.023077	
per completed call			
Branding,			
\$826.59			
per trunk group <sup>7</sup>			
		Monthly Payment	
		Term Payment Plans	
		1	12
			24
36			
<u>Description</u>	<u>Month</u>	<u>Months</u>	<u>Months</u>
<u>Months</u>			

<sup>7/</sup> When branding service is provided on a combined toll and assist Operator Service and Directory Assistance trunk group basis, as technically feasible, a single branding charge will apply. The telecommunications carrier is also responsible for the rates applicable to custom routing, transport and any other services or network elements it orders to deliver its traffic to the Company's switch on separate direct trunks.

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Directory Assistance,	\$ .244567	\$ .244567	\$ .244567
\$.244567			
Term Payment Plan,			
rate per call			

The minimum period for the Term Payment Plan is one month, unless otherwise specified. The month-to-month price is subject to Company initiated changes.

3. Directory Assistance Facilities

Access to Databases - To the extent technically feasible, based on TELRIC costs, via the Bona Fide Request process.

N. Rates for Maintenance.

1. Trip Charge - \$51.00 per trouble dispatch
2. Time Charge - \$21.00 per quarter hour with a quarter hour minimum and quarter hour increments.

Item VI -- Wholesale Resale Services

A. See Schedule 10.1

B. "Warm" Transfer \$ \_\_\_\_\_

Item VII -- Collocation

See Exhibit PS-VII

Item VIII -- Structure

See Exhibit PS-VIII



ITEM IX -- SERVICE PROVIDER NUMBER PORTABILITY

	<u>L.N.C.</u>	<u>Per Month</u>
A. SPNP-Remote		
Service Ordering Charge, per occasion <sup>/1/</sup>	\$38.44	
per number ported, including		
additional call paths (1-99)	\$19.75	\$2.86
per additional call path <sup>/2/</sup>	\$10.30	--
B. SPNP-Direct		
Service Ordering Charge, per occasion <sup>/3/</sup>	\$38.44	
Service Establishment Charge		
per SPNP-Direct trunk group,		
per switch	\$56.53	--
SPNP-Direct Channel Termination		
charges, per SPNP-Direct VG		
channel termination	\$34.56	\$18.16
per SPNP-Direct DS1		
channel termination	\$280.20	\$119.28
SPNP-Direct Number Charges,		
per number ported	\$ 3.23	\$ .030

/1/ Line Connection charges apply

/2/ Service Ordering charges for additional call capacity for a ported number are not applicable if ordered coincident with it's specific ported number. If ordered subsequent to SPNP-Remote Service or with an unrelated ported number, Service Ordering charges apply per occasion.

/3/ Service Coordination Fee Charges apply

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	<u>USOC</u>	<u>L.N.C.</u> <sup>6/</sup>	<u>Per Month</u> <sup>8</sup>
SPNP-Direct Transport Charges, <sup>/1/ /2/</sup>			
per SPNP-Direct VG transport	UNMDT	\$0.00	\$0.00 <sup>/3/</sup>
per SPNP-Direct VG w/o transport <sup>/5/</sup>	UNMDC	<sup>/4/</sup>	<sup>/4/</sup>
per SPNP-Direct DS1 transport	UNMDF		
per SPNP-Direct DS1 w/o transport <sup>/5/</sup>	UNMD1	\$0.00	0.00
Subsequent additions, deletions or rearrangement of SPNP-Direct trunk terminations in addition to above charges			
per occasion	REAJD	27.99	0.00

- /1/ Service ordering charges, as shown in Part 3, Section of this tariff apply.
- /2/ Line connection charges, as shown in Part 3, Section 1 of this tariff, apply.
- /3/ Rates for unbundled PBX ground start loops apply, as specified in Section 2 of this tariff.
- /4/ SPNP Direct DS1 Transport is provisioned at the rates and charges for DS1 service as specified in Part 15, Section 3 of this tariff.
- /5/ Where SPNP Direct is provisioned

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<sup>8/</sup> Rates suspended pending commission approval of a competitively neutral cost recovery mechanism.

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

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In the matter of the petition of )	
AT&T COMMUNICATIONS OF MICHIGAN, INC., )	
for arbitration to establish an interconnection )	Case No. U-11151
agreement with Ameritech Michigan. )	
_____ )	
_____ )	
In the matter of the petition of )	
AMERITECH MICHIGAN for arbitration )	
to establish an interconnection agreement with )	Case No. U-11152
AT&T Communications of Michigan, Inc. )	
_____ )	

At the November 26, 1996 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. John G. Strand, Chairman  
Hon. John C. Shea, Commissioner  
Hon. David A. Svanda, Commissioner

**ORDER APPROVING AGREEMENT ADOPTED BY ARBITRATION**

**I.**

**HISTORY OF PROCEEDINGS**

On August 1, 1996, AT&T Communications of Michigan, Inc., (AT&T) filed a petition for arbitration with the Commission regarding the terms, conditions, and prices for interconnection and related arrangements with Ameritech Michigan pursuant to Section 252(b) of the federal Telecommunications Act of 1996 (the FTA), 47 USC 252(b). In accordance with the proce-

dures adopted by the Commission's July 16, 1996 order in Case No. U-11134, AT&T filed proposed direct testimony and exhibits in conjunction with its petition for arbitration.

On August 2, 1996, Ameritech Michigan filed a petition for arbitration requesting that the Commission arbitrate issues related to collocation of AT&T's equipment on Ameritech Michigan's premises, AT&T's costs for local traffic termination, and AT&T's obligations under Section 251 of the FTA. Subsequently, the separate petitions filed by AT&T and Ameritech Michigan were consolidated into a single arbitration proceeding and an arbitration panel consisting of Administrative Law Judge Robert E. Hollenshead and Commission Staff members Ann R. Schneidewind and Louis R. Passariello was assigned to preside over the arbitration proceedings.

On August 14, 1996, the parties first met with the arbitration panel to establish a procedural framework for addressing disputed issues. Following the initial meeting, each party met separately with the arbitration panel to discuss the merits of the issues to be considered in the arbitration proceeding.

On August 26, 1996, Ameritech Michigan filed its response to AT&T's petition. On August 27, 1996, AT&T filed a response to Ameritech Michigan's petition.

On September 13, 1996, AT&T submitted a marked up version of the proposed arbitration agreement that sets forth all of the terms agreed to by the parties as well as each party's proposed contract language for all of the disputed portions of the contract.

On September 17, 1996, each party submitted a proposed decision to the arbitration panel. Ameritech Michigan also submitted a marked up agreement along with a list of annotations concerning differences in the contracts.

On September 24, 1996, the parties made oral presentations to the arbitration panel in support of their positions. On September 25, 1996, the parties rebutted the other party's presentations.

On October 1, 1996, AT&T submitted supplemental information regarding resolved issues. On October 2, 1996, the parties jointly submitted a version of the proposed interconnection agreement including both resolved contract language and proposed language of both Ameritech Michigan and AT&T in disputed areas.

On October 28, 1996, the arbitration panel issued its decision. In so doing, the arbitration panel identified 55 issues that the parties had been unable to resolve through negotiations. For each issue, the panel stated its decision and the rationale underlying its determination.

On November 7, 1996, Ameritech Michigan filed its objections to the decision of the arbitration panel. On November 8, 1996, AT&T filed its objections.<sup>1</sup>

## II.

### DISCUSSION

The arbitration panel's decision identified and proposed resolutions for 55 contested issues.<sup>2</sup> It now appears that 18 of the issues are no longer contested.

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<sup>1</sup>AT&T's objections were filed one day late because its courier was delayed by a motor vehicle accident.

<sup>2</sup>In its July 16, 1996 order in Case No. U-11134, the Commission directed that the arbitration panel should limit its decision on each issue to selecting the position of one of the parties on that issue unless the result would be clearly unreasonable or contrary to the public interest.

In their separate objections, neither Ameritech Michigan nor AT&T raised any objections to the arbitration panel's disposition of issues 5, 9, 13, 19, 29, 37, 39, 40, 46, 47, 50, and 51. In addition, the objections raised with regard to issues 11, 12, 14, 17, 18, and 20 are limited to merely pointing out that these matters were resolved by an October 21, 1996 agreement that was apparently not submitted to the arbitration panel until the day before the panel's decision was originally scheduled to be released, which accounts for the panel's failure to acknowledge these agreements in its decision. Finally, an examination of the objections reveals that some of the remaining issues were at least partially resolved by the parties' last minute agreement.

In analyzing the remaining contested issues, the Commission has chosen to group the issues by their subject matter rather than to proceed sequentially through them. Additionally, to further expedite the Commission's decision process, determinations reached by the arbitration panel regarding issues not discussed in the body of this order are considered by the Commission to have been properly and finally resolved for the reasons set forth in the arbitration panel's October 28, 1996 decision.

#### Pricing Provisions

Issues 1, 2, and 49 of the arbitration panel's decision concern pricing issues that were not resolved through negotiation between the parties. Issue 1 involves the establishment of interim prices for reciprocal compensation, transiting, unbundled network elements/combinations,

collocation, and structures (poles, ducts, conduits, and rights-of-way issues).<sup>3</sup> Issue 2 concerns the size of the discount from retail prices that should be applicable to AT&T's wholesale purchases of network services from Ameritech Michigan that will be resold to AT&T's retail customers. Issue 49 concerns whether the interim rates contained in the arbitration agreement should be replaced on a prospective or retroactive basis by permanent rates that will be established in a future proceeding.

With regard to Issues 1, 2, and 49, the arbitration panel rejected Ameritech Michigan's positions in favor of AT&T's positions on most elements of the issues. However, the arbitration panel's determinations regarding the pricing of dedicated transport, switched transport, signaling and database services, operator and directory services, and collocation rejected the positions of both Ameritech Michigan and AT&T in favor of existing FCC interstate access rates.

With regard to Issue 1, Ameritech Michigan argues that the arbitration panel's decision improperly ignored Ameritech Michigan's reformulated cost studies, which Ameritech Michigan attempted to present to the panel on September 24, 1996. The Commission finds that the reformulated cost studies were properly rejected.

The schedule in this proceeding included a September 17, 1996 deadline for the parties to submit their positions regarding all contested provisions of the interconnection agreement. On that date, Ameritech Michigan submitted its positions on the contested pricing issues, which it

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<sup>3</sup>The Commission is aware that various aspects of Issue 1 are no longer in dispute because neither party raised an objection to the arbitration panel's decision. These matters include the arbitration panel's determination that the existing Federal Communications Commission (FCC) interstate access rates should be applied on an interim basis for dedicated transport, switched transport, signaling and database services, and operator and directory services. Therefore, the arbitration panel's findings on these matters should be incorporated by the parties into their interconnection agreement.

had developed on the basis of previous total service long run incremental cost (TSLRIC) studies. However, the TSLRIC studies underlying Ameritech Michigan's arbitration pricing positions had been rejected in the Commission's September 12, 1996 order in Cases Nos. U-10860, U-11155, and U-11156. Indeed, in rejecting Ameritech Michigan's TSLRIC studies, the Commission found that they were inconsistent with the costing principles established in Case No. U-10620.

At the September 24, 1996 oral presentation to the arbitration panel, Ameritech Michigan attempted to submit cost studies that had been reformulated in response to the Commission's September 12, 1996 order in Cases Nos. U-10860, U-11155, and U-11156 with regard to all unbundled network elements and interconnection and call termination services. The arbitration panel refused to consider the reformulated studies, stating that it would not accept any information submitted after the filing deadline.

"Baseball-style" arbitration exposes both parties to the same risks. Each party to the arbitration process was aware that its position on an issue would be rejected if the other party's position were found to be more reasonable. Accordingly, each participant should have been motivated to abandon unrealistic positions in favor of more reasonable ones. Ameritech Michigan is solely responsible for determining its negotiation and arbitration stances. Ameritech Michigan not only prepared the flawed cost studies, it also chose to base its negotiation and arbitration positions on those studies. As such, Ameritech Michigan has no one but itself to blame for the predicament caused by the Commission's September 12, 1996 rejection of those studies.

The Commission finds that the arbitration panel's refusal to permit the introduction of Ameritech Michigan's reformulated cost studies was neither arbitrary nor capricious. As early



as January 19, 1996, Ameritech Michigan was placed on notice that its cost studies were of questionable validity.<sup>4</sup> Despite being forewarned, Ameritech Michigan chose to base its negotiation stance and arbitration positions on questionable data. Given the strict time limitations specified in the FTA for arbitration proceedings, the Commission is persuaded the arbitration panel acted properly in rejecting Ameritech Michigan's September 24, 1996 attempt to drastically revise its positions in this proceeding.<sup>5</sup> Accordingly, the Commission finds that the arbitration panel acted properly in refusing to consider Ameritech Michigan's reformulated cost studies.

Having properly rejected Ameritech Michigan's reformulated cost studies, the arbitration panel was faced with adoption of one of the two positions advocated by the parties in their September 17, 1996 filings. The panel opted for AT&T's price estimates, which were based on cost information supplied by Ameritech Michigan that was adjusted by AT&T, instead of the price estimates that were supported by Ameritech Michigan's discredited cost studies. In so doing, the arbitration panel clearly indicated that AT&T's price estimates should be relied upon as an interim measure. In reaching its conclusions, the arbitration panel observed that the statutory pricing requirements for local interconnection services are governed by state and federal

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<sup>4</sup>In a proposal for decision issued on January 19, 1996 in Case No. U-10860, an administrative law judge found that portions of Ameritech Michigan's TSLRIC studies were so flawed that they should not provide the basis for establishment of rates for interconnection arrangements between providers of basic local exchange service.

<sup>5</sup>Indeed, as recognized by the arbitration panel, it would have been unfair to allow Ameritech Michigan to unilaterally revise its positions on the issues without affording AT&T additional time to do likewise.